



DWSRF Infrastructure Bill Funding

331-685 • 2/21/2022

Congress established the Drinking Water State Revolving Fund (DWSRF) in August 1996 as part of the reauthorized federal Safe Drinking Water Act (SDWA). The DWSRF Program finances drinking water projects and activities to protect public health and achieve or maintain compliance with the SDWA.

New federal funding

Under the Bipartisan Infrastructure Law (BIL) (a.k.a., Infrastructure Investment and Jobs Act), Washington State will receive an increase in funding to the DWSRF program. This funding represents more than a seven-fold increase in federal funds injected into DWSRF over the next five years. There are three parts to this funding that EPA is authorized to award to the states from federal fiscal year 2022 through 2026.

- 💧 **Stimulus-type new funding provided at increasing levels totaling \$11.7 billion nationally.**
 - Requires 10 percent state match for first two years and 20 percent for the last three years.
 - Forty-nine percent of these funds must be forgiven
- 💧 **Funding for Lead Service Line Replacement \$15 billion nationally.**
 - Forty-nine percent of these funds must be forgiven.
 - No state match required.
- 💧 **Funding for Emerging Contaminants totaling \$4 billion nationally.**
 - One-hundred percent of these funds must be forgiven.
 - No state match required.
- 💧 **Reauthorization of the DWSRF funding levels.**
 - Twenty percent state match required.
 - At least 30 percent of these funds must be forgiven.

Washington Anticipated Allocated Annual Amounts*

Amounts in Millions	SFY 23	SFY 24	SFY 25	SFY 26	SFY 27	Total
Stimulus DWSRF Grant						
Grant Amount	40.1	46.9	51.2	55.5	55.5	242.9
DWSRF Lead Service Line Replacement						
Grant Amount	63.2	63.8	63.8	63.8	63.8	318.4
DWSRF Emerging Contaminants (PFAS)						
Grant Amount	16.8	17.0	17.0	17.0	17.0	84.8
Base DWSRF Grant						
Grant Amount	57.3	64.9	70.4	75.8	75.8	244.3

**While the law allows this funding to be allocated the federal budget must be passed with the amounts included for the full amount to be available to the state, we have two years to apply for each grant in full. We may not take all available funding in the first year to allow for project identification and program growth.*

This funding has the same eligibility requirements for water systems and projects as DWSRF. It is unclear when the first allotment of funding will be available. We anticipate requesting application for the first year's funding in 2023. We will post updated guidance at on our [DWSRF webpage](#) at least 30 days prior to any funding cycle.

New federal requirements

Build America Buy America (BABA) Act applies to all federal agencies, and expands domestic preference purchasing requirements for SRFs and other EPA funding to include iron and steel products, manufactured goods, and construction materials such as glass, concrete, lumber, plastics. BABA includes a prohibition on waivers of general interest, such as de minimis and plans/specifications. BABA must be implemented in mid-May 2022.

This is expected to be an onerous requirement for our borrowers to meet and DOH to manage.

The Justice40 Initiative is the Biden administration's promise to deliver at least 40 percent of the overall benefits from Federal investments climate, clean energy, affordable and sustainable housing, clean water, and other investments to disadvantaged communities that have been historically marginalized, underserved, and overburdened by pollution. This is an evolving federal requirement with a framework currently in development through various federal workgroups.

Planning underway

New resources provide opportunity to expand and enhance our assistance to community drinking water projects. We identified the following priorities areas to focus on now, with ongoing planning to increase eligible projects through the additional five years of funding.

- ◆ Assist water systems with lead service line inventories.
- ◆ Provide subsidized funding to remove PFAS and emerging contaminants found in drinking water.
- ◆ Provide additional resources to help water systems prepare for DWSRF funding through development of water system planning documents, engineering reports, and construction documents.
- ◆ Identify ways to assist small system provide project management and construction oversight for DWSRF loans.
- ◆ Promote the DWSRF program to improve our demand for funding in the next funding cycles.
- ◆ Add new program staff to improve program capacity managing new funding, federal requirements, and more projects.

Contact Information

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